

2007 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-SB40)

Received: **06/27/2007**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-9916**

By/Representing: **Olin (FA)**

This file may be shown to any legislator: **NO**

Drafter: **mshovers**

May Contact:

Addl. Drafters: **pgrant**

Subject: **Local Gov't - munis generally
Local Gov't - counties
Education - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Olin (FA) -

Topic:

Changes to local levy limits; include technical colleges

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 06/28/2007	wjackson 06/28/2007		_____			
/1			rschluet 06/29/2007	_____	mbarman 06/29/2007		
/2	mshovers 07/02/2007	wjackson 07/02/2007	jfrantze 07/03/2007	_____	lparisi 07/03/2007		

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/3	mshovers 07/05/2007 pgrant 07/06/2007	wjackson 07/05/2007 kfollett 07/06/2007	nnatzke 07/06/2007	_____	sbasford 07/06/2007		
/4	pgrant 07/06/2007	csicilia 07/06/2007	nnatzke 07/06/2007	_____	cduerst 07/06/2007		
/5			nnatzke 07/06/2007	_____	cduerst 07/06/2007		

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/4			nnatzke 07/06/2007	_____	cduerst 07/06/2007		
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15 cjs 7/6
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nwn
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13 Nij 7/5

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11 MES 6/28/07

7297

FE Sent For:

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LEVY LIMIT CHANGES

Section

Provisions in SB 40

~~1879~~ Retain definition of joint fire department

~~1880~~ Delete \$500 de minimum penalty provision

Retain cross-reference to sub. 2

~~1881~~ Modify current law definition of valuation factor:

- change minimum from 2% to 0%

- create a separate factor for munis, where value percentage equals the value of new construction plus 50% of the value increment of any tid in the previous year, if DOR does not certify a value increment for the district in the current year due to the district's termination

- valuation factor for counties remains as under current law, except 2% minimum becomes 0%

Move imposition language to Section 1882, as in SB 40

~~1882~~ Change imposition period to 3 years by adding "2009"

Change base year amount from "allowable" levy from prior year to "actual" levy from prior year

Retain introduction to exclusions

~~1884~~ Retain exclusion for county children with disabilities education boards

~~1885~~ Retain exclusion for 1st class city levies for school purposes

~~1886~~ Delete exclusion for bridge and culvert construction and repair

~~1887~~ Delete new exclusion for libraries

~~1888~~ Delete exclusion for revenue shortfall for debt service on revenue bonds

~~1889~~ Retain (same provision included in section 1886)

~~1890~~ Retain joint fire dept provision, but ALSO EXTEND TO COUNTY EMS DISTRICTS

~~1891~~ Retain technical changes

~~1892~~ Retain technical changes

~~1893~~ Retain technical changes

~~1894~~ Retain technical changes, and extend special meeting provision to villages and cities under 2,000

Specify that a city or village with a population below 2,000 may exceed its levy increase limit if the village board or city council holds a meeting using the current law procedures for special town meetings and the meeting adopts a resolution to that effect, if the village board or city council has adopted a resolution supporting the increase and placing the question on the meeting's agenda.

- 1895 Retain technical changes
- 1896 Retain technical changes
- 1897 Delete
- 1898 Replace provision with LRBb0051
- 1899 Retain provision

all changes requested by Rep. Zippner

66.0602(1) **Retain Current Law Definitions**

- (a) debt service
- (b) penalized excess
- (c) political subdivision

66.0602(3) **Retain Current Law Adjustments**

- (a) & (b) Retain current law adjustments for service transfers
- (c) Retain current law adjustments for annexations
- (d) 1. & 2. Retain current law adjustments for new and old debt
- (g) Retain current law adjustment for county service consolidations

New Provisions

adjustment If a lease payment related to a lease revenue bond for a political subdivision in the preceding year is less than the amount of the lease payment needed in the current year, as a result of the issuance of a lease revenue bond before July 1, 2005, the levy increase limit in the current year would be increased by the difference between the two amounts

exclusion Exclude the cost of providing police protection services, as determined by the village board, for the levy immediately succeeding the incorporation of a town as a village, from the calculation of the village's allowable levy under the levy limit program

Tech Colleges Impose a levy limit on technical college districts -- language attached



(608) 266-3847 • Fax: (608) 267-6873

*you don't get the 50% value increment
if the TID is in substantial continuity
if you do get the 50%
if DOR doesn't certify
because TID is
Termination*

*Shared Rev.
2
Gov. Ops.*

June 20, 2007

TO:

FROM:

SUBJECT: Levy Limit Proposal

At your request, this memorandum summarizes a proposal to impose fiscal controls on municipalities and counties and on technical college districts that you developed with Representatives Honadel, Roth, and Van Roy for inclusion in Senate Bill 40, the 2007-09 biennial budget. The provisions would replace the levy limitation on municipalities and counties that the Joint Committee on Finance adopted and also would impose a levy limitation on technical college districts.

Municipal and County Levy Limit. Repeal the current law provision that sunset the levy limit on counties and municipalities on January 1, 2007, make technical and policy modifications to the limitation, and reauthorize the levy limit program to apply to taxes levied in 2007, 2008, and 2009. As modified, the levy limit for those three years would be structured as follows.

Imposition. Prohibit any city, village, town, or county from increasing its municipal or county tax levy by more than a maximum allowable amount determined through formula. Provide that the maximum allowable increase be calculated by multiplying the prior year levy by a valuation factor. Define the valuation factor for counties as the percentage equal to the greater of 0% or the percentage change in the local government's equalized value due to new construction, less improvements removed, as determined for January 1 equalized values in the year of the levy. Define the valuation factor for municipalities as the percentage equal to the sum of the change in the local government's equalized value due to new construction, less improvements removed, as determined for January 1 equalized values in the year of the levy, but not less than \$0, and 50% of the value increment of any tax increment district in the previous year, provided the Department of Revenue (DOR) does not certify a value increment for the district in the current year due to the district's termination, divided by the municipality's equalized value for the year two years before the levy.

Exclusions. Exclude from the limitation any amounts levied: (a) as tax increments by a city, village, town, or county; (b) for the payment of any general obligation debt service on debt

authorized on or after July 1, 2005, and before July 1, 2007, and secured by the full faith and credit of the city, village, town, or county; (c) for a county children with disabilities education board by a county; (d) for school purposes by a first class city; (e) for the payment of any general obligation debt service on debt authorized by a referendum on or after July 1, 2007, and secured by the full faith and credit of the city, village, town, or county; or (f) for fire charges assessed by a joint fire department that would cause the municipality to exceed its allowable levy, provided that the joint fire department's total charges increase relative to the prior year by a rate less than or equal to 2% plus the percentage change in the consumer price index and the governing body of each municipality served by the joint fire department adopts a resolution in favor of the municipality exceeding its limit. Define joint fire department, by way of cross-reference to current law provisions, as a joint fire department created by a village with a population of 5,000 or more with a city or town or with another village, by a city with another city, or by a municipality with another governmental unit or Indian tribe through an intergovernmental cooperation contract.

Adjustments. Specify that the levy limit would be adjusted, as determined by DOR, as follows: (a) if a municipality or county transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the levy increase limit otherwise applicable to the municipality or county would be decreased to reflect the cost that the municipality or county would have incurred to provide the service; (b) if a municipality or county increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the municipality or county would be increased to reflect the cost of providing that service; (c) if a service has been provided in part of the county by the county and in part of the county by a separate governmental unit and the provision of the service is consolidated at the county level, the levy increase limit otherwise applicable to the county would be increased to reflect the total cost of providing the service; (d) if a city or village annexes property from a town, the annexing municipality's levy increase limit would be increased by an amount equal to the town levy on the annexed territory in the preceding year and the levy increase limit for the town from which the property was annexed would be decreased by the same amount; (e) if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, as the result of the city, village, town, or county adopting a resolution before July 1, 2005, authorizing the issuance of debt, the levy increase limit would be increased by the difference between the two amounts; or (f) if a lease payment related to a lease revenue bond for a political subdivision in the preceding year is less than the amount of the lease payment needed in the current year, as a result of the issuance of a lease revenue bond before July 1, 2005, the levy increase limit in the current year would be increased by the difference between the two amounts. Specify that debt service includes debt service on debt issued or reissued to fund or refund outstanding obligations, interest on outstanding obligations, or the payment of related issuance costs or redemption premiums secured by the full faith and credit of the municipality or county.

Referendum. Create a procedure under which a city, village, town, or county may exceed its levy increase limit if the local government's governing body adopts a resolution to that effect and the electors of the municipality or county approve the resolution in a referendum. Require the

resolution and referendum to specify the proposed amount of the levy increase above the limit and whether the amount of the proposed increase is for a single year only or is ongoing. Authorize the local government to hold a special referendum, with regard to a referendum relating to the levy in 2005 or in another odd-numbered year. Require the local government to hold a referendum at the same time as the next spring primary or election or September primary or general election, with regard to a referendum relating to the levy in 2006 or in another even-numbered year. Require the referendum to be held in accordance with current law provisions enumerated in chapters 5 to 12 of the state statutes.

Require the referendum question to be submitted to the electors as follows: "Under state law, the increase in the levy of the (name of county or municipality) for the tax to be imposed for the next fiscal year, (year), is limited to%, which results in a levy of \$.... Shall the (name of the county or municipality) be allowed to exceed this limit and increase the levy for the next fiscal year, (year), by a total of%, which results in a levy of \$....?". Specify that a town with a population below 2,000 may exceed its levy increase limit if the annual town meeting or a special town meeting adopts a resolution to that effect, if the town board has adopted a resolution supporting the increase and placing the question on the meeting's agenda. Specify that a city or village with a population below 2,000 may exceed its levy increase limit if the village board or city council holds a meeting using the current law procedures for special town meetings and the meeting adopts a resolution to that effect, if the village board or city council has adopted a resolution supporting the increase and placing the question on the meeting's agenda. Require the clerk of the municipality or county to publish notices regarding the referendum or municipal meeting prior to the time it is held and to certify the results of the referendum or municipal resolution to DOR within 14 days of the referendum or meeting.

Penalty. Require DOR to reduce the county and municipal aid payment of any municipality or county that imposes a tax levy in excess of the amount allowed under these provisions. Establish the reduction as the amount equal to the excess tax levy. Provide that the aid reduction be imposed in the year after the excess amount is levied. Provide that any withheld state aid amounts be lapsed to the general fund.

Limitation on Technical College Districts. Prohibit any technical college district from increasing its tax levy by more than a percentage determined through formula, beginning in 2007. Provide that the percentage be calculated as the average, annual percentage change in the statewide equalized value due to new construction, less improvements removed, as determined for the January 1 equalized values in the five years preceding the levy.

Exclusions and Adjustments. Exclude from the limitation any amounts levied for the payment of any general obligation debt service on debt authorized by a referendum on or after July 1, 2007, and secured by the full faith and credit of the district. Specify that the levy limit would be adjusted, as determined by DOR, as follows: (a) if a district transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the levy increase limit otherwise applicable to the district would be decreased to reflect the cost that the district would

have incurred to provide the service; (b) if a district increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the district would be increased to reflect the cost of providing that service; (c) if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, as the result of the district adopting a resolution before July 1, 2007, authorizing the issuance of debt, the levy increase limit would be increased by the difference between the two amounts. Specify that debt service includes debt service on debt issued or reissued to fund or refund outstanding obligations, interest on outstanding obligations, or the payment of related issuance costs or redemption premiums secured by the full faith and credit of the district.

Referendum. Create a procedure under which a technical college district may exceed its levy increase limit if the technical college district's board adopts a resolution to that effect and the electors of the district approve the resolution at a referendum. Require the resolution and referendum to specify the proposed amount of the levy increase above the limit and whether the amount of the proposed increase is for a single year only or is ongoing. Authorize the district to hold a special referendum, with regard to a referendum relating to the 2007 or 2009 levy. Authorize the district to hold a referendum at the same time as the next spring primary or election or September primary or general election, with regard to a referendum relating to the 2008 levy. Require the referendum to be held in accordance with current law provisions enumerated in chapters 5 to 12 of the state statutes.

Require the referendum question to be submitted to the electors as follows: "Under state law, the increase in the levy of the (name of district) for the tax to be imposed for the next fiscal year, (year), is limited to%, resulting in a levy of \$.... Shall the (name of district) be allowed to exceed this limit such that the percentage increase for the next fiscal year, (year), will be%, resulting in a levy of \$....?". Require the clerk of the technical college district to publish notices regarding the referendum prior to the time it is held and to certify the results of the referendum to DOR within 14 days of the referendum.

Penalty. Require DOR to notify the technical college system board of any amounts levied in excess of the amount allowed under these provisions and require the technical college system board to reduce the aid payment of any technical college district that imposes a tax levy in excess of the amount allowed under these provisions. Establish the reduction as the amount equal to the excess tax levy. Provide that the aid reduction be imposed in the same fiscal year as the excess amount is levied. Provide that any withheld state aid amounts be lapsed to the general fund.

Sunset. Sunset these provisions three years after the effective date of enactment.

The attached table compares the provisions in this proposal with those adopted by the Joint Committee on Finance. I hope you find this information helpful.

ATTACHMENT

Comparison of Fiscal Control Provisions Under Proposal and Under SB 40, as Adopted by the Joint Committee on Finance

	<u>Proposal</u>	<u>2007 SB 40</u>
Fiscal Control	limit the rate of increase in the property tax levy of each county, municipality, and technical college district	limit the rate of increase in the property tax levy of each county and municipality
Base Levy	actual levy from prior year	allowable levy from prior year
Allowable Percentage	the greater of two factors: <ul style="list-style-type: none"> - 0% - the percentage change in the local governments' equalized value due to new construction, less improvements removed, plus 50% of the value increment of expired tax increment districts 	the greater of two factors: <ul style="list-style-type: none"> - 4% - the percentage change in the local governments' equalized value due to new construction, less improvements removed
Adjustments	<ul style="list-style-type: none"> - service transfers - county service consolidations - annexations - increase in amounts levied for debt service on general obligation debt approved by resolution adopted before July 1, 2005 - referenda - annual or special town meetings or special city or village meeting - increase in lease revenue bond debt service 	<ul style="list-style-type: none"> - service transfers - county service consolidations - annexations - increase in amounts levied for debt service on general obligation debt approved by resolution adopted before July 1, 2005 - referenda - annual or special town meetings
Exclusions	<ul style="list-style-type: none"> - amounts levied for a county children with disabilities education board - amount that a first class city levies for school purposes - tax increments - amounts levied for the payment of any general obligation debt service on debt authorized on or after July 1, 2005, and before July 1, 2007, by any means, or authorized on or after July 1, 2007, by referendum - fire charges assessed by a joint fire department 	<ul style="list-style-type: none"> - amounts levied for a county children with disabilities education board - amount that a first class city levies for school purposes - tax increments - amounts levied for the payment of any general obligation debt service on debt authorized after July 1, 2005 - payments by a county for library services, if the county does not maintain a library for the county - fire charges assessed by a joint fire department - any revenue shortfall for debt service on a revenue bond

Proposal

2007 SB 40

Penalty

reduction in county and municipal aid payment equal to the excess levy

reduction in county and municipal aid payment equal to the excess levy, except:

- exclude excess amounts of less than \$500
- carry over penalty to succeeding year if penalty exceeds aid payment
- waive penalties caused by clerical errors

Sunset

three years

- would apply to tax levies in 2007, 2008, and 2009

two years

- would apply to tax levies in 2007 and 2008

Technical Colleges

limit increases in the levy for each district to the annual, average percentage change in statewide equalized value due to new construction, less improvements removed, over the five preceding years

no provision

extend provisions related to service transfers, debt service, referenda, penalties, and the sunset to the limit

SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

Levy Limit Exclusion for Police Services for Newly Incorporated Villages

[LFB Paper #725]

Motion:

Move to exclude the cost of providing police protection services, as determined by the village board, for the levy immediately succeeding the incorporation of a town as a village, from the calculation of the village's allowable levy under the levy limit program.

Note:

Newly incorporated villages would be allowed to impose higher property tax levies in their initial year of operation without requiring a referendum. The additional amount would be used to fund police protection services. Currently, towns are not required to provide police protection services, but once incorporated as a village, police protection services must be provided if the population of the village is 5,000 or more (s. 61.65). No measurable impact on state revenues or expenditures is estimated.

Shovers, Marc

From: Olin, Rick
Sent: Tuesday, June 26, 2007 9:31 AM
To: Shovers, Marc
Cc: Ammerman, Fred
Subject: ARC Levy Limit Package

Marc:
Denise Solie confirmed that the EMS provision is for county-wide systems, as opposed to joint systems. As a result, it should be drafted as a separate exclusion. No special conditions would apply, so this would be unlike the joint fire department exclusion where two tests are imposed. If this isn't clear, let me know. Thanks,
RO 6-9916

SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

Levy Limit Exclusion for Joint Emergency Medical Services Departments

[LFB Paper #725]

Motion:

Move to modify the exclusion from the levy limit for fire charges assessed by a joint fire department to also include charges assessed by a joint emergency medical services department.

*modified by
Rock S
e-mail*

Note:

Under the levy limitation proposed in the bill, amounts levied for certain purposes are excluded from the limit. One such exclusion extends to fire charges assessed by a joint fire department that would cause a municipality to exceed its allowable levy, provided that the joint fire department's total charges increase relative to the prior year by a rate less than or equal to 2% plus the percentage change in the consumer price index and the governing body of each municipality served by the joint fire department adopts a resolution in favor of the municipality exceeding the limit. This motion would include charges assessed by joint emergency medical services departments in the levy limit exclusion for joint fire departments. The bill's provisions related to the increase in the department's total charges and the adoption of resolutions by governing bodies of other municipalities would also extend to joint emergency medical services departments. State revenues and expenditures would not be affected.

[Change to Bill: None]

[Change to Base: None]



State of Wisconsin
2007 - 2008 LEGISLATURE

LRBb0742/P
MES&PG....Y....

Wlj RmNA

LFB:.....Olin (FA) - Changes to local levy limits; include technical colleges
FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION
**ASSEMBLY AMENDMENT ,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2007 SENATE BILL 40**

NOTE

1 At the locations indicated, amend the substitute amendment as follows:

2 ✓ 1. Page 834, line 25: after that line insert:

3 "SECTION 1879e. 66.0602 (1) (at) of the statutes is created to read:

4 66.0602 (1) (at) "Municipality" means a city, village or town." ✓

5 ✓ 2. Page 835, line 2: delete "in an amount that is at least".

6 ✓ 3. Page 835, line 3: delete "\$500".

7 (Please fix comp) 4. Page 835, line 6: delete lines 6 to 13 and substitute: ^{the material beginning with "Valuation" and ending with "on line 13"} 66.0602 (1) (d) ~~66.0602 (1) (d) (intro.)~~

8 "Valuation factor" means one of the following:

9 1. For a municipality, a percentage equal to the greater of either ~~zero~~ percent

10 or the sum of the percentage change in the political subdivision's January 1 equalized

Page 835, line 5: delete ^{lines 5 to 13} the material beginning with that line and ending with and substitute SECTION 1881b RA; 66.0602 (1) (d); 66.0602 (1) (d) (intro.)

1 value due to new construction less improvements removed between the previous
2 year and the current year, ~~but not less than 2. Except as provided in subs. (3), (4),~~
3 ~~and (5), no political subdivision may increase its levy in any year by a percentage that~~
4 ~~exceeds the political subdivision's valuation factor. In determining its levy in any~~
5 ~~year, a city, village, or town shall subtract any tax increment that is calculated under~~
6 ~~s. 60.85 (1) (L) or 66.1105 (2) (i) and, if the department of revenue does not certify a~~
7 value increment for a tax incremental district for the current year due to the district's
8 termination, 50 percent of the value increment of such a district in the municipality,
9 calculated for the previous year; and that sum is divided by the municipality's
10 equalized value for the year that is 2 years before the year to which the levy relates.

11 **SECTION 1881e.** 66.0602 (1) (d) 2. of the statutes is created to read:

12 66.0602 (1) (d) 2. For a county, a percentage equal to the percentage change in
13 the county's January 1 equalized value due to new construction less improvements
14 removed between the previous year and the current year, but not less than zero." ✓

15 ✓ **5.** Page 835, line 16: delete "or 2008" and substitute ", 2008, or 2009".

16 ✓ **6.** Page 835, line 21: after that line insert:

17 **"SECTION 1883e.** 66.0602 (3) (d) 4. of the statutes is created to read:

18 66.0602 (3) (d) 4. If the amount of a lease payment related to a lease revenue
19 bond for a political subdivision in the preceding year is less than the amount of the
20 lease payment needed in the current year, as a result of the issuance of a lease
21 revenue bond before July 1, 2005, the levy increase limit otherwise applicable under
22 this section to the political subdivision in the current year is increased by the
23 difference between these 2 amounts." ✓

24 ✓ **7.** Page 836, line 10: delete lines 10 to 19.

1 **8.** Page 836, line 19: after that line insert:

2 “**SECTION 1889e.** 66.0602 (3) (e) 6. of the statutes is created to read:

3 66.0602 (3) (e) 6. The amount that a county levies in that year for a county-wide
4 emergency medical system.

5 **SECTION 1889g.** 66.0602 (3) (e) 7. of the statutes is created to read:

6 66.0602 (3) (e) 7. The amount that a village levies in that year for police
7 protection services, but this subdivision only applies to a village's levy for the year
8 immediately after the year in which the village changes from town status and
9 incorporates as a village.” ✓

10 ✓ **9.** Page 837, line 24: delete that line and substitute: “**SECTION 1894.** 66.0602
11 (5) of the statutes is renumbered 66.0602 (5) (a) and amended to read.”

12 ✓ **10.** Page 838, line 1: delete “TOWNS.” and substitute “CITIES, VILLAGES, AND
13 TOWNS. (a)”.

14 ✓ **11.** Page 838, line 9: after that line insert:

15 “**SECTION 1894e.** 66.0602 (5) (b) of the statutes is created to read:

16 66.0602 (5) (b) A city or village with a population of less than 2,000 may exceed
17 the levy increase limit otherwise applicable under this section to the city or village
18 if the common council or village board adopts a resolution supporting an increase and
19 places the question on the agenda of a special city or village meeting. A special
20 meeting under this paragraph may be held by a city or village only for the purpose
21 described under this paragraph, and only if the meeting is called by one of the
22 methods under which a town is authorized to act under s. 60.12 (1) (b) or (c). The levy
23 increase limit otherwise applicable under this section to the city or village does not
24 apply if the special city or village meeting adopts a resolution endorsing the common

1 council's or village board's resolution. The limit otherwise applicable to the city or
2 village under this section is increased in the next fiscal year by the percentage
3 approved by a majority of those voting on the question. Within 14 days after the
4 adoption of the resolution, the city or village clerk shall certify the results of the vote
5 to the department of revenue. Section 60.12 (2), (3), and (4) (a), to the extent that it
6 applies to towns, applies to cities and villages acting under this paragraph.”.

7 ✓ **12.** Page 838, line 18: delete lines 18 to 22.

8 (END)



**SENATE AMENDMENT ,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO 2007 SENATE BILL 40**

At the locations indicated, amend the substitute amendment as follows:

~~1.~~ Page 838, line 24: after "LEVIES." insert "(a)".

~~2.~~ Page 839, line 3: delete "(a)" and substitute "1.".

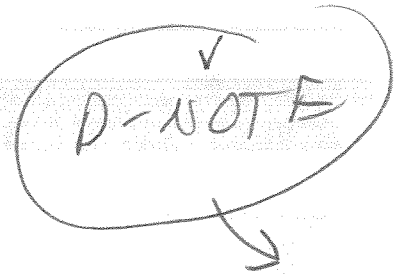
~~3.~~ Page 839, line 7: delete "(b)" and substitute "2.".

~~4.~~ Page 839, line 9: after that line insert:

"(b) If a taxation district clerk or a county clerk, through mistake or inadvertence in preparing or delivering the tax roll, causes a political subdivision's actual levy in the year before the current year to be ^{different from} lower than the amount intended by the political subdivision's governing body, the political subdivision ^{shall} ~~may~~ use the intended levy as its base amount in determining its maximum allowable levy for the current year if the department of revenue determines that the final action taken by the political subdivision, in setting its levy for the year before the current year, was

1 to set the levy at the intended amount and not at the actual amount. If the
2 department makes such a determination it may issue a finding that the political
3 subdivision is not liable for a penalty that would otherwise be imposed under sub.
4 (6).".

5 (END)



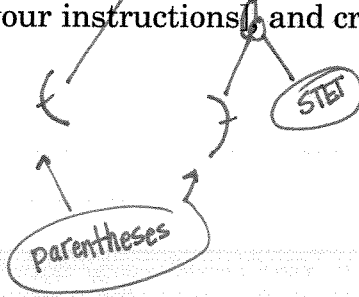
**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb0742/?dn
MES&PG....

WJ

Rick Olin:

The next version of this amendment will contain the changes relating to technical college districts. Please review this amendment carefully to ensure that it meets your intent, especially the changes to the definition of valuation factor, created s. 66.0602 (3) (d) 4. I'm not sure what a "lease revenue bond" is, but this subdivision is based on your instructions, and created s. 66.0602 (5) (b).



Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb0742/1dn
MES&PG:wlj:rs

June 29, 2007

Rick Olin:

The next version of this amendment will contain the changes relating to technical college districts. Please review this amendment carefully to ensure that it meets your intent, especially the changes to the definition of "valuation factor," created s. 66.0602 (3) (d) 4. (I'm not sure what a "lease revenue bond" is, but this subdivision is based on your instructions), and created s. 66.0602 (5) (b).

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

Shovers, Marc

From: Olin, Rick
Sent: Friday, June 29, 2007 4:36 PM
To: Shovers, Marc
Cc: Ammerman, Fred
Subject: Ass Rep Provisions

Marc:

Levy Limit Adjustments adopted by ARC

1. for county bridge levies under s. 82.08 (the language in Section 1887 of the Gov' original bill may work);
2. delete city and village under 2,000 population provision related to special meetings that was adopted by the "working group."

Thanks, and have a god weekend.

Rick

Distribute the additional aid in the new appropriation in proportion to each municipality's initial aid entitlement, based on the following calculations. Set each municipality's initial aid entitlement equal to the greater of \$25 multiplied by the municipality's population or an amount determined under an equalizing formula that supports a calculated amount of spending for each municipality, based on three components. Establish the first expenditure component as an amount equal to \$150 multiplied by the population of the municipality, up to 2,000. Extend the second expenditure component to municipalities with populations over 2,000 and establish the component as that portion of the municipality's population in excess of 2,000 multiplied by an additional per capita amount. Extend the third expenditure component to municipalities that provide around-the-clock police protection and establish the component as \$200 multiplied by the municipality's population. Set the additional per capita amount for the second expenditure component as the amount that results in the distribution of the entire amount of aid for municipalities under the county and municipal aid program and the new appropriation combined. Calculate each municipality's initial aid entitlement by multiplying the sum of the three expenditure amounts by a sharing factor, which would be calculated by comparing the municipality's per capita tax base to the per capita tax base for the entire state. Provide that municipalities with per capita tax base amounts exceeding the statewide average would not receive aid under this distribution. Increase the \$25 per person minimum guarantee by the percentage used to calculate the increase in municipal aid in the combined appropriations, as described above, beginning with aid payments in 2010.

2. PUBLIC UTILITY AID -- FORMULA CHANGES

Modify current law provisions related to state aid payments to municipalities and counties containing production plants as follows. Discontinue the nine-mill utility aid payments on production plants that began operation prior to 2004 and authorize payments under the provisions created by 2003 Wisconsin Act 31 that result in payments of \$2,000 per megawatt of capacity, or \$4,000 per megawatt of capacity if the production plant derives energy from an alternative energy resource, provided the municipality where the production plant is located receives a higher payment under the capacity-based distribution formula. Provide that each payment be distributed two-thirds to the municipality and one-third to the county where the production plant is located, if the production plant is located in a city or village. Provide that each payment be distributed one-third to the municipality and two-thirds to the county where the production plant is located, if the production plant is located in a town. Provide that after a payment for a production plant is made under the capacity-based distribution formula, subsequent payments cannot be made under the nine-mill formula. Repeal the current law provision that limits the value used to calculate payments under the nine-mill formula to no less than the value used to calculate payments in 1990. Extend these provisions to aid payments beginning in 2009. Require 50% of any aid increases for plants moving from the nine-mill formula to the capacity-based formula to be used to reduce the increase in the allowable levy under the levy limitation authorized under other provisions of the bill. Change the distribution of any capacity-based aid for production plants that generate electricity from wind power so that a town where a plant is located receives two-thirds of the payment, and a county where a

7A.04(6)

5. LEVY LIMIT FOR COUNTIES AND MUNICIPALITIES

Replace provisions proposed by the Governor and modified by the Joint Committee on Finance that would impose a levy limit on counties and municipalities in 2007 and 2008 with the following provisions.

Imposition. Prohibit any city, village, town, or county from increasing its municipal or county tax levy by more than a maximum allowable amount determined through formula. Provide that the maximum allowable increase be calculated by multiplying the prior year levy by a valuation factor. Define the valuation factor for counties as the percentage equal to the greater of 0% or the percentage change in the county's equalized value due to new construction, less improvements removed, as determined for January 1 equalized values in the year of the levy. Define the valuation factor for municipalities as the percentage equal to the sum of the change in the municipality's equalized value due to new construction, less improvements removed, as determined for January 1 equalized values in the year of the levy, but not less than \$0, and 50% of the value increment of any tax increment district in the previous year, provided the Department of Revenue (DOR) does not certify a value increment for the district in the current year due to the district's termination, divided by the municipality's equalized value for the year two years before the levy. Extend the limit to amounts levied in 2007, 2008, and 2009.

8 Exclusions. Exclude from the limitation any amounts levied: (a) as tax increments by a city, village, town, or county; (b) for the payment of any general obligation debt service on debt authorized on or after July 1, 2005, and before July 1, 2007, and secured by the full faith and credit of the city, village, town, or county; (c) for a county children with disabilities education board by a county; (d) for school purposes by a first class city; (e) for the payment of any general obligation debt service on debt authorized by a referendum on or after July 1, 2007, and secured by the full faith and credit of the city, village, town, or county; (f) for the operation of a county-wide emergency medical services system; (g) for providing police protection services, as defined by the village board, for the levy immediately succeeding the incorporation of a town as a village; or (h) for fire charges assessed by a joint fire department that would cause the municipality to exceed its allowable levy, provided that the joint fire department's total charges increase relative to the prior year by a rate less than or equal to 2% plus the percentage change in the consumer price index and the governing body of each municipality served by the joint fire department adopts a resolution in favor of the municipality exceeding its limit. Define joint fire department, by way of cross-reference to current law provisions, as a joint fire department created by a village with a population of 5,000 or more with a city or town or with another village, by a city with another city, or by a municipality with another governmental unit or Indian tribe through an intergovernmental cooperation contract.

provided the town did not have a police dept

6 Adjustments. Specify that the levy limit shall be adjusted, as determined by DOR as follows: (a) if a municipality or county transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the levy increase limit otherwise applicable to the municipality or county would be decreased to reflect the cost that the municipality or county would have incurred to provide the service; (b) if a municipality or county increases the services that it provides by adding responsibility for providing a service transferred to it from another

2007 – 2008 LEGISLATURE

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stays
+ Kjf

RMK

LFB:.....Olin (FA) – Changes to local levy limits; include technical colleges

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 2007 SENATE BILL 40

At the locations indicated, amend the substitute amendment as follows:

1. Page 834, line 25: after that line insert:

"SECTION 1879e. 66.0602 (1) (at) of the statutes is created to read:

66.0602 (1) (at) "Municipality" means a city, village or town."

2. Page 835, line 2: delete "in an amount that is at least".

3. Page 835, line 3: delete "\$500".

4. Page 835, line 5: delete lines 5 to 13 and substitute:

"SECTION 1881b. 66.0602 (1) (d) of the statutes is renumbered 66.0602 (1) (d)

(intro.) and amended to read:

66.0602 (1) (d) (intro.) "Valuation factor" means one of the following:

(No 9)

one of the following
the sum of the

(10)

For a municipality

(1)

~~1. For a municipality, a percentage equal to the greater of either 0 percent or the sum of the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current year, but not less than 2. Except as provided in subs. (3), (4), and (5), no political subdivision may increase its levy in any year by a percentage that exceeds the political subdivision's valuation factor. In determining its levy in any year, a city, village, or town shall subtract any tax increment that is calculated under s. 60.85 (1) (L) or 66.1105 (2) (i) and, if the department of revenue does not certify a value increment for a tax incremental district for the current year due to the district's termination, 50 percent of the value increment of such a district in the municipality, calculated for the previous year, and that sum is divided by the municipality's equalized value for the year that is 2 years before the year to which the levy relates.~~

SECTION 1881e. 66.0602 (1) (d) 2. of the statutes is created to read:

66.0602 (1) (d) 2. For a county, a percentage equal to the percentage change in the county's January 1 equalized value due to new construction less improvements removed between the previous year and the current year, but not less than zero.”

5. Page 835, line 16: delete “or 2008” and substitute “, 2008, or 2009”.

6. Page 835, line 21: after that line insert:

SECTION 1883e. 66.0602 (3) (d) 4. of the statutes is created to read:

66.0602 (3) (d) 4. If the amount of a lease payment related to a lease revenue bond for a political subdivision in the preceding year is less than the amount of the lease payment needed in the current year, as a result of the issuance of a lease revenue bond before July 1, 2005, the levy increase limit otherwise applicable under

but
this amount
may not be less
than
zero

1 this section to the political subdivision in the current year is increased by the
2 difference between these 2 amounts.”.

3 **7.** Page 836, line ~~10~~¹³: delete lines ~~10~~¹³ to 19.

4 **8.** Page 836, line 19: after that line insert:

5 “**SECTION 1889e.** 66.0602 (3) (e) 6. of the statutes is created to read:

6 66.0602 (3) (e) 6. The amount that a county levies in that year for a countywide
7 emergency medical system.

8 **SECTION 1889g.** 66.0602 (3) (e) 7. of the statutes is created to read:

9 66.0602 (3) (e) 7. The amount that a village levies in that year for police
10 protection services, but this subdivision applies only to a village's levy for the year
11 immediately after the year in which the village changes from town status and
12 incorporates as a village.”. *and only if the town did not have a police force*

13 **9.** Page 837, line 24: delete that line and substitute:

14 “**SECTION 1894b.** 66.0602 (5) of the statutes is renumbered 66.0602 (5) (a) and
15 amended to read:”.

16 **10.** Page 838, line 1: delete “TOWNS.” and substitute “CITIES, VILLAGES, AND
17 TOWNS. (a)”.

18 **11.** Page 838, line 9: after that line insert:

19 “**SECTION 1894e.** 66.0602 (5) (b) of the statutes is created to read:

20 66.0602 (5) (b) A city or village with a population of less than 2,000 may exceed
21 the levy increase limit otherwise applicable under this section to the city or village
22 if the common council or village board adopts a resolution supporting an increase and
23 places the question on the agenda of a special city or village meeting. A special
24 meeting under this paragraph may be held by a city or village only for the purpose

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3-0

described under this paragraph, and only if the meeting is called by one of the methods under which a town is authorized to act under s. 60.12 (1) (b) or (c). The levy increase limit otherwise applicable under this section to the city or village does not apply if the special city or village meeting adopts a resolution endorsing the common council's or village board's resolution. The limit otherwise applicable to the city or village under this section is increased in the next fiscal year by the percentage approved by a majority of those voting on the question. Within 14 days after the adoption of the resolution, the city or village clerk shall certify the results of the vote to the department of revenue. Section 60.12 (2), (3), and (4) (a), to the extent that it applies to towns, applies to cities and villages acting under this paragraph."

12. Page 838, line 18: delete lines 18 to 22.

13. Page 838, line 24: after "LEVIES." insert "(a)".

14. Page 839, line 3: delete "(a)" and substitute "1."

15. Page 839, line 7: delete "(b)" and substitute "2."

16. Page 839, line 9: after that line insert:

"(b) If a taxation district clerk or a county clerk, through mistake or inadvertence in preparing or delivering the tax roll, causes a political subdivision's actual levy in the year before the current year to be different from the amount intended by the political subdivision's governing body, the political subdivision shall use the intended levy as its base amount in determining its maximum allowable levy for the current year if the department of revenue determines that the final action taken by the political subdivision, in setting its levy for the year before the current year, was to set the levy at the intended amount and not at the actual amount. If the department makes such a determination it may issue a finding that the political

1 subdivision is not liable for a penalty that would otherwise be imposed under sub.

2 (6).”.

3 (END)

1-11-1

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
SENATE AMENDMENT ,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO 2007 SENATE BILL 40

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 394, line 10: after that line insert:

3 "SECTION 560d. 20.835 (1) (cb) of the statutes is created to read:

4 20.835 (1) (cb) *Municipal levy restraint payment account*. Beginning in 2009,
5 a sum sufficient to make the payments to municipalities under s. 79.051."

6 2. Page 394, line 13: delete "(4) (a)".

7 3. Page 394, line 14: delete lines 14 to 16.

8 4. Page 475 line 25: after that line insert:

9 "SECTION 737m. 38.17 of the statutes is created to read:

10 38.17 **Levy limit.** (1) DEFINITION. In this section:

1-1:2

1 (a) "Debt service" includes debt service on debt issued or reissued to fund or
2 refund outstanding municipal obligations, interest on outstanding municipal
3 obligations, and related issuance costs and redemption premiums.

4 (b) "Valuation factor" means a percentage equal to the average percentage
5 change in the ^{districts} statewide equalized valuation due to new construction, less
6 improvements removed, as determined for the January 1 equalized valuations in the
7 5 years preceding the levy, but not less than zero.

8 (2) LIMIT. Except as provided in subs. (3) and (4), no district board may levy in
9 ^{2007, 2008, or 2009} any year more than it levied in the previous year increased by the ^{districts} valuation factor.

10 (3) ADJUSTMENTS. (a) 1. If a district board transfers to another governmental
11 unit responsibility for providing any service that it provided in the preceding fiscal
12 year, the limit otherwise applicable under sub. (2) in the current fiscal year is
13 decreased by the cost that it would have incurred to provide that service, as
14 determined by the department of revenue.

15 2. If a district board increases the services that it provides by adding
16 responsibility for providing a service transferred to it from another governmental
17 unit that provided the service in the previous fiscal year, the limit otherwise
18 applicable under sub. (2) in the current fiscal year is increased by the cost of that
19 service, as determined by the department of revenue.

20 (b) 1. If the amount of debt service for a district board in the preceding fiscal
21 year is less than the amount of debt service needed in the current fiscal year, as a
22 result of the district board adopting a resolution before July 1, 2007, authorizing the
23 issuance of debt, the limit otherwise applicable under sub. (2) for the current fiscal
24 year is increased by the difference between the 2 amounts, as determined by the
25 department of revenue.

1 2. The limit otherwise applicable under this section does not apply to amounts
2 levied by a district board for the payment of any general obligation debt service,
3 including debt service on debt issued or reissued to fund or refund outstanding
4 municipal obligations, interest on outstanding municipal obligations, or the
5 payment of related issuance costs or redemption premiums, authorized on or after
6 July 1, 2007, by a referendum and secured by the full faith and credit of the district.

7 **(4) REFERENDUM.** (a) 1. A district board may exceed the levy limit under sub.
8 (2) if it adopts a resolution to that effect and the resolution is approved in a
9 referendum. The resolution shall specify the proposed amount of increase in the levy
10 beyond the amount that is allowed under sub. (2), and shall specify whether the
11 proposed amount of increase is for the next fiscal year only or if it will apply on an
12 ongoing basis.

13 2. Except as provided in subd. 3., the district board may call a special
14 referendum for the purpose of submitting the resolution to the electors of the district
15 for approval or rejection.

16 3. A referendum to exceed the limit under sub. (2) for the levy ²⁰⁰⁸ ~~for the 2008-09~~
17 ~~fiscal year~~ shall be held at the spring primary or election or September primary or
18 general election in 2008.

19 (b) The district board shall publish type A, B, C, D, and E notices of the
20 referendum under s. 10.01 (2). Section 5.01 (1) applies in the event of failure to
21 comply with the notice requirements of this paragraph.

22 (c) The referendum shall be held in accordance with chs. 5 to 12. The district
23 board shall provide the election officials with all necessary election supplies. The
24 form of the ballot shall correspond substantially with the standard form for
25 referendum ballots prescribed by the elections board under ss. 5.64 (2) and 7.08 (1)

1 (a). The question shall be submitted as follows: "Under state law, the percentage
2 increase in the levy of the (name of district) for the (next) fiscal year, (year), is
3 limited to percent, resulting in a levy of \$..... Shall the (name of district) be
4 allowed to exceed this limit such that the percentage increase for the (next) fiscal year,
5 (year), will be percent, resulting in a levy of \$....?"

6 (d) Within 14 days after the referendum, the district board shall certify the
7 results of the referendum to the department of revenue. The limit otherwise
8 applicable to the district under sub. (2) is increased for the next fiscal year by the
9 amount approved by a majority of those voting on the question. If the resolution
10 specifies that the increase is for one year only, the amount of the increase shall be
11 subtracted from the base used to calculate the limit for the 2nd succeeding fiscal year.

12 (5) PENALTY. The department of revenue shall notify the board of any amount
13 levied by a district board that exceeds the district's limit under this section. The
14 board shall reduce the district's state aid under s. 38.28 in the same fiscal year in
15 which the excess levy occurred by an amount equal to the amount of the excess levy.
16 The amount of the reduction shall lapse to the general fund."✓

17 **5.** Page 834, line 22: delete the material beginning with that line and ending
18 with page 839, line 9.

19 **6.** Page 1183, line 6: delete "\$15,000,000 in 2009" and substitute "\$20,000,000
20 in 2009 and \$30,000,000 in 2010".

21 **7.** Page 1183, line 7: delete lines 7 to 10 and substitute:

22 "SECTION 2499d. 79.01 (5m) of the statutes is created to read:

**2007-2008 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb0742/2ins
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Page 837, line 2: after that line insert

INSERT 3-12

"SECTION 1891e. 66.0602 (3) (i) of the statutes is created to read:

66.0602 (3) (i) If a political subdivision receives an aid increase under s. 79.04 (6) in the preceding year, the levy increase limit otherwise applicable under this section to the political subdivision in the current year is decreased to reflect 50 percent of the amount of that aid increase, as determined by the department of revenue." ✓

Shovers, Marc

From: Olin, Rick
Sent: Thursday, July 05, 2007 11:50 AM
To: Shovers, Marc
Cc: Loppnow, Dave; Ammerman, Fred; Merrifield, Layla
Subject: Levy Limit LRBb0742/2
Attachments: LevyLimitComments.doc

Hi Marc:

I know this draft was technically difficult due to its reliance on provisions from both current law and the substitute amendment. You did a great job. I would appreciate your considering several changes that I've explained on the attached document. Each of the comments suggests specific remedies, so I don't think you will find them too onerous. Let me know if you have any questions. Thanks for your help.

Rick



LevyLimitComments
.doc (33 KB)

Item 1, page 1, re Tech College Valuation Factor. The percentage would be calculated on a statewide basis and be the same for all districts. DOR does not compile new construction data by technical college district. Therefore, please delete "district's" and insert "statewide" on line 9 of page 1.

Item 5 re Valuation Factor. My instructions relating to the timing of the municipal calculation are somewhat confusing (you might say, "wrong"). On page 5, line 8, before "year" insert "previous" and delete "that is 2 years before the year".

Also, do you think we can delete "but not less than zero" on lines 9 and 13 because these provisions are redundant to the phrase on line 21 of page 4 ("the greater of either 0 percent or")?

The base amount for calculating the limit should be the local government's actual levy in the prior year. The Caucus rejected the Governor's provision changing the base amount to the prior year's allowable levy. Therefore, please strike the words "maximum allowable" on page 835, line 18, of the bill (section 1882). You might want to replace that material with "political subdivision's".

Amend current law s. 66.0602(3)(d)2. to close the period to which this adjustment applies by inserting "and before July 1, 2007," after "2005". That is, the adjustment should be limited to debt service on debt authorized between July 1, 2005 and July 1, 2007.

This requires the creation of a new adjustment for debt authorized on or after July 1, 2007, s. 66.0602 (3)(d)3., I assume:

The limit otherwise applicable under this section does not apply to amounts levied by a political subdivision for the payment of any general obligation debt service, including ... premiums, **authorized by referendum on or after July 1, 2007**, and secured by the full faith and credit of the political subdivision.

Item 10, page 6. On lines 11 and 12, I think that s. 79.04(4m), as created by the bill, is a better cross-reference than s. 79.04(6). If you disagree, please let me know.

Item 15 re Mistakes in Levies. This provision should replace, rather than supplement, the provisions created by the Governor. Therefore, please delete s. 66.0602 (6m)(a) and (b), on page 839, lines 3 through 9, of the bill. If you want to keep some of the language in the intro, that would be fine.